

**Independent Living Services of
Simcoe County and Area**

Financial Statements
For the year ended March 31, 2017

**Independent Living Services of Simcoe County and Area
Financial Statements**
For the year ended March 31, 2017

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Independent Auditor's Report

To the Board of Directors of Independent Living Services of Simcoe County and Area

We have audited the accompanying financial statements of Independent Living Services of Simcoe County and Area, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Independent Living Services of Simcoe County and Area derives revenue from donation and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Independent Living Services of Simcoe County and Area. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2017, current assets as at March 31, 2017, and net assets as at March 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Independent Living Services of Simcoe County and Area as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 16 through 18 of Independent Living Services of Simcoe County and Area's Financial Statements.

BDO Canada LLP

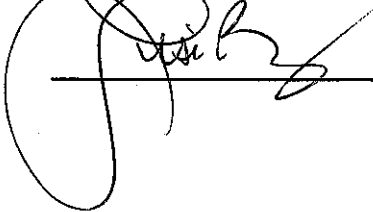
Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 20, 2017

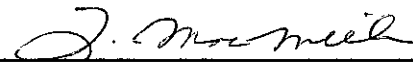
**Independent Living Services of Simcoe County and Area
Statement of Financial Position**

March 31	General Fund	Internally Restricted Fund	Total 2017	Total 2016
Assets				
Current				
Cash and cash equivalents (Note 2)	\$ 235,452	\$ 359,452	\$ 594,904	\$ 576,718
Amounts receivable	100,742	1,880	102,622	54,206
Prepaid expenses	27,708	-	27,708	25,864
Interfund balance	-	223,821	223,821	223,821
	<u>363,902</u>	<u>585,153</u>	<u>949,055</u>	<u>880,609</u>
Long-term investments (Note 3)	295,010	-	295,010	338,028
Capital assets (Note 4)	73,967	-	73,967	54,366
	<u>\$ 732,879</u>	<u>\$ 585,153</u>	<u>\$ 1,318,032</u>	<u>\$ 1,273,003</u>
Liabilities and Fund Balances				
Current				
Accounts payable and accruals (Note 5)	\$ 416,168	\$ -	\$ 416,168	\$ 351,844
Deferred revenue	23,053	-	23,053	800
Interfund balance	223,821	-	223,821	223,821
	<u>663,042</u>	<u>-</u>	<u>663,042</u>	<u>576,465</u>
Commitments (Note 6)				
Contingencies (Note 7)				
Fund balances	<u>69,837</u>	<u>585,153</u>	<u>654,990</u>	<u>696,538</u>
	<u>\$ 732,879</u>	<u>\$ 585,153</u>	<u>\$ 1,318,032</u>	<u>\$ 1,273,003</u>

On behalf of the Board:



Director



Director

Independent Living Services of Simcoe County and Area Statement of Operations and Changes in Fund Balances

For the year ended March 31	General Fund	Internally Restricted Fund	Total 2017	Total 2016
Revenues				
Grant - North Simcoe Muskoka LHIN (Note 8)	\$ 5,930,419	\$ -	\$ 5,930,419	\$ 5,661,546
Grant - United Way	-	-	-	19,730
Grant - Employment and Social Development Canada	4,984	-	4,984	3,791
Donations	8,843	-	8,843	7,350
Bingo (net of prizes)	10,069	-	10,069	9,791
Fee for service, interest and other revenue	7,867	1,987	9,854	12,412
Membership Fees - collaborative	17,700	-	17,700	38,400
	<u>5,979,882</u>	<u>1,987</u>	<u>5,981,869</u>	<u>5,753,020</u>
Expenses				
Advertising and promotion	6,986	-	6,986	7,586
Amortization of capital assets	30,010	-	30,010	18,484
Building occupancy	180,393	-	180,393	193,051
Employee benefits (Note 9)	1,007,184	-	1,007,184	979,355
Insurance	26,415	-	26,415	24,953
Miscellaneous	7,944	-	7,944	5,125
Office	118,490	-	118,490	92,880
Professional fees	44,182	-	44,182	45,291
Purchased services	24,094	-	24,094	25,541
Salaries	4,360,281	-	4,360,281	4,273,524
Staff and volunteer training, conventions and seminars	28,653	-	28,653	22,217
Telephone	41,631	-	41,631	41,778
Transportation and accommodation	153,508	-	153,508	151,030
	<u>6,029,771</u>	<u>-</u>	<u>6,029,771</u>	<u>5,880,815</u>
Excess of revenues over expenses (expenses over revenues) for the year - operations	(49,889)	1,987	(47,902)	(127,795)
Unrealized gain on investments (Note 3)	6,354	-	6,354	9,373
Change in fund balance for the year	(43,535)	1,987	(41,548)	(118,422)
Fund balance, beginning of year	113,372	583,166	696,538	814,960
Fund balance, end of year	\$ 69,837	\$ 585,153	\$ 654,990	\$ 696,538

The accompanying notes are an integral part of these financial statements.

Independent Living Services of Simcoe County and Area Statement of Cash Flows

For the year ended March 31	2017	2016
Cash flow from operating activities		
Excess of expenses over revenue for the year - general fund	\$ (49,889)	\$ (130,285)
Adjustment for:		
Amortization of capital assets	30,010	18,484
Unrealized gain on investments	6,354	9,373
Changes in non-cash working capital items:		
Amounts receivable	(48,756)	(6,376)
Prepaid expenses	(1,844)	1,081
Deferred revenue	22,253	100
Accounts payable and accruals	64,324	67,984
	<u>22,452</u>	<u>(39,639)</u>
Cash flows from investing activities		
Purchase of capital assets	(49,611)	(32,285)
Net proceeds on sale (purchase) of long-term investments	43,018	(205,021)
	<u>(6,593)</u>	<u>(237,306)</u>
Increase (decrease) in general fund cash and cash equivalents during the year	15,859	(276,945)
General fund cash and cash equivalents, beginning of year (Note 2)	219,593	496,538
General fund cash and cash equivalents, end of year (Note 2)	\$ 235,452	\$ 219,593

The accompanying notes are an integral part of these financial statements.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies

Nature and Purpose of Organization

Independent Living Services of Simcoe County and Area ("The Association") is a registered charity under the laws of Ontario and as such, is exempt from income tax under the Canadian Income Tax Act.

Its principal purpose is to provide services and support to individuals with physical disabilities or limitations in Simcoe County.

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the estimation of accrued liabilities, the determination of the estimated useful life of capital assets and the valuation of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Fund Accounting

The Association follows the restricted fund method of accounting for contributions.

The General Fund reports the assets, liabilities, revenues and expenses for the Association's program delivery and administrative activities. This fund reports unrestricted contributions and other unrestricted revenues and expenses.

The Internally Restricted Fund reports the assets, liabilities, revenues and expenses that the Board has restricted for future use. The Board passes motions yearly to designate the amount to be internally restricted at the end of the year.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank balances, investments in money market funds, guaranteed investment certificates and fixed income securities readily convertible into cash.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided using the following method and annual rate.

Furniture, fixtures and
computer equipment - 20 % straight-line basis

Work in progress - computer software is recorded at cost and is not amortized until the asset is available for use.

Impairment of Long Lived Assets

Assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be fully recoverable. The Association monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Association's practice is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

Interfund Balances

The Association's practice is to not charge interest between funds on the interfund balances. Also, the amount is repayable on demand.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Revenue Recognition

Grants and donations:

Restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Bingo, fundraising and miscellaneous revenue are recognized when the funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fees for services, interest, North Simcoe Muskoka Collaborative and other revenue are recognized when the funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Services

Volunteers contribute many hours per year to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Pension Plans

The Association accounts for its participation in its employees' registered retirement savings plans as a defined contribution plan. Both the Association and participating employees are required to make plan contributions based on participating employees' weekly employment hours. The Association recognizes the expense related to this plan as contributions are made.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2017

2. Cash and Cash Equivalents

	2017	2016
<u>General Fund:</u>		
Cash on hand	\$ 1,600	\$ 1,600
Cash held at chartered bank	62,876	87,632
Cash held in investment portfolio	27,937	27,937
Guaranteed investment certificate, interest at 0.60%, maturing November 2016	-	102,424
Guaranteed investment certificate, interest at 0.50%, maturing November 2017	103,039	-
CIBC Mortgages investment certificate, interest at 1.15%, maturing November 2017	40,000	-
	235,452	219,593
<u>Internally Restricted Fund:</u>		
Guaranteed investment certificate, interest at 0.65%, maturing April 2016	-	357,125
Guaranteed investment certificate, interest at 0.55%, maturing April 2017	359,452	-
	359,452	357,125
 Total cash and cash equivalents - general	 \$ 594,904	 \$ 576,718

The Association's bank accounts are held at one chartered bank. The bank accounts earn interest at variable rates dependant on average monthly balances.

The Association has a line of credit for a maximum of \$100,000 bearing interest at prime plus 1.25% and is due on demand. The amount drawn against this credit facility at year end was \$Nil (2016 - \$Nil).

The Association has a corporate visa card with a maximum credit limit of \$10,000 bearing interest at the bank's standard VISA rates and is due on demand. The amount outstanding on this card at year-end was \$588 (2016 - \$379).

Security for these unused facilities consists of \$100,000 of the \$103,039 (2016 - \$102,424) guaranteed investment certificate listed above.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2017

3. Long-Term Investments

	2017	2016
CIBC Mortgages investment certificate, interest at 1.15% maturing November 2017	\$ -	\$ 40,000
CIBC Mortgages investment certificate, interest at 1.35%, maturing November 2018	40,000	40,000
CIBC Trust investment certificate, interest at 1.80%, maturing November 2020	40,000	40,000
Province of Ontario bond, interest at 4.40%, maturing June 2019	21,419	22,040
Province of Alberta bond, interest at 2.55%, maturing December 2022	96,398	97,378
City of Toronto bond, interest at 3.90%, maturing September 2023	55,144	55,912
Province of British Columbia bond, interest at 2.85%, maturing June 2025	42,049	42,698
	\$ 295,010	\$ 338,028

During the year, the fair market value of long-term investments held by the Association increased. As such an unrealized gain of \$6,354 (2016 - \$9,373) has been recognized.

**Independent Living Services of Simcoe County and Area
Notes to Financial Statements**

March 31, 2017

4. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture, fixtures, and computer equipment	\$ 559,088	\$ 485,121	\$ 491,119	\$ 455,111
Work in progress - computer software	-	-	18,358	-
	<u>\$ 559,088</u>	<u>\$ 485,121</u>	<u>\$ 509,477</u>	<u>\$ 455,111</u>
Net book value		<u>\$ 73,967</u>		<u>\$ 54,366</u>

During the year, the Association purchased capital assets totaling \$49,611 (2016 - \$32,285) with funding provided by the Ministry of Health and Long-Term Care.

Work in progress is not amortized until the assets are in use.

5. Accounts Payable and Accruals

Included in accounts payable and accruals is \$101,094 (2016 - \$66,463) in government remittances payable.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2017

6. Commitments

The Association has entered into various long-term commitments for office facilities, program facilities and photocopier services.

The minimum annual committed payments for the next five years and thereafter are as follows:

2018	\$	67,321
2019		67,360
2020		68,713
2021		56,227
2022		51,107
Thereafter		<u>1,836</u>
	\$	<u>312,564</u>

7. Contingencies

The Association receives funding from the North Simcoe Muskoka LHIN, and is economically dependant upon them. The amount of funding provided to the Association is subject to final review and approval by the LHIN. As at the date of these financial statements, funding for fiscal years 2016 and 2017 have not been subject to this review process. Any future adjustments required as a result of a review will be accounted for at that time as an adjustment to Grant - North Simcoe Muskoka LHIN of the general fund on the Statement of Operations and Changes in Fund Balance.

8. Economic Dependence

The Association received 99.1% (2016 - 98.3%) of its revenue from the North Simcoe Muskoka LHIN.

9. RRSP Contributions

During the year, the Association's contribution to its employees' registered retirement saving plans was \$71,109 (2016 - \$66,629), which has been included in employee benefits expense on the Statement of Operations and Changes in Fund Balances.

Independent Living Services of Simcoe County and Area Notes to Financial Statements

March 31, 2017

10. Planned Giving

The Association is the designated beneficiary of a life insurance policy with a principal sum assured of \$15,000.

11. Financial Instrument Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association has an operating line of credit facility available that bears interest at the bank's prime rate plus 1.25%, however there is no balance outstanding on this credit facility. The Association is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk arising from non-collection of its accounts receivable. The majority of the Association's receivables are from government sources and the Association works to ensure they meet all eligibility criteria in order to qualify to receive the funding. The Association is also exposed to credit risk since the Association's cash deposits are in excess of the amount insured by the agencies of the federal government in the amounts of \$100,000 at March 31, 2017 (2016 - \$100,000).

Liquidity Risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable.

Market Risk

The Association is exposed to fluctuations in equity markets on its short-term investments.

**Independent Living Services of Simcoe County and Area
Schedule of Revenues and Expenses
Association
(Unaudited)**

For the year ended March 31	2017	2016
Revenues		
Human Resources and Social Development Canada Grant	\$ 4,984	\$ 3,791
United Way of Greater Simcoe County	-	19,730
Donations	8,844	7,350
Bingo (net of prizes)	10,069	9,791
Membership fees	300	275
Interest and miscellaneous	9,554	12,138
Proceeds on sale of capital assets	-	-
Unrealized gain on investments	6,354	9,373
	<u>40,105</u>	<u>62,448</u>
Expenses		
Advertising and promotion	335	20
Employee benefits	4,094	4,414
Insurance	2,642	1,965
Miscellaneous	7,303	4,052
Office	18,795	729
Professional fees	4,340	7,259
Salaries	37,886	32,619
Staff and volunteer training, conventions and seminars	34	-
Transportation and accommodation	2,207	2,467
	<u>77,636</u>	<u>53,525</u>
Excess of revenues over expenses for the year	(37,531)	8,923
Fund balance, beginning of year	600,300	591,377
Fund balance, end of year	\$ 562,769	\$ 600,300

**Independent Living Services of Simcoe County and Area
Schedule of Revenues and Expenses
Community Support Services, Assisted Living, & Personal Support
Services
(Unaudited)**

For the year ended March 31	2017	2016
Revenues		
North Simcoe Muskoka LHIN	\$ 5,930,418	\$ 5,661,545
	<u>5,930,418</u>	<u>5,661,545</u>
Expenses		
Advertising and promotion	6,651	7,566
Building occupancy	180,474	192,247
Capital assets purchased	49,611	32,285
Employee benefits	877,720	865,255
Furnishings, equipment and renovations	5,204	5,224
Insurance	23,774	22,988
Miscellaneous	641	1,072
Office	77,854	63,404
Professional fees	39,843	38,032
Purchased services	24,094	25,541
Salaries	4,424,055	4,307,810
Staff and volunteer training, conventions and seminars	28,653	23,690
Telephone and answering service	41,631	41,778
Transportation and accommodation	150,213	146,695
	<u>5,930,418</u>	<u>5,773,587</u>
Excess of expenses over revenues for the year	-	(112,042)
Fund balance, beginning of year	-	112,042
Fund balance, end of year	\$ -	\$ -

**Independent Living Services of Simcoe County and Area
Schedule of Revenue and Expenses
North Simcoe Muskoka Collaborative
(Unaudited)**

For the year ended March 31	2017	2016
Revenues		
Membership fees	\$ 17,700	\$ 7,900
Trillium grant	-	30,500
	<u>17,700</u>	<u>38,400</u>
Expenses		
Employee benefits	1,857	4,211
Office	1,492	4,933
Purchased services	16,557	14,752
Salaries	15,963	34,159
Staff and volunteer training, conventions and seminars	4,361	649
Transportation and accommodation	1,088	1,868
	<u>41,318</u>	<u>60,572</u>
Excess of revenues over expenses for the year	(23,618)	(22,172)
Fund balance, beginning of year	35,287	57,459
Fund balance, end of year	\$ 11,669	\$ 35,287